

consumer protections, simpler disclosures, and greater market certainty. This bill does that.

I am pleased that the bill before us includes provisions from my bill, H.R. 3894, the Negative Amortization Mortgage Loan Transparency Act, which will make sure that all borrowers are aware of the impact a loan with negative amortization has by, number one, making sure that it is indicated that it is in the loan; two, a description of what that means, in that it can increase the outstanding principal balance and reduce the borrower's equity in their home; and, third, for first-time subprime borrowers who select this type of loan, they will be required to meet with a HUD-certified credit counselor.

This bill balances access to credit with necessary oversight and industry accountability to ensure renewed investor confidence and make sure that more Americans have access to the American Dream, but they have access to it for the long term. I urge my colleagues to support this bipartisan bill.

Mr. BACHUS. Mr. Chairman, I yield 2 minutes to the gentlewoman from Ohio (Ms. PRYCE).

Ms. PRYCE of Ohio. I thank the gentleman for the time. I rise today in support of this bill.

My home State of Ohio has, unfortunately, become the poster child for the mortgage crisis nationally. During the third quarter of 2007, each of Ohio's six largest cities were among the top 30 nationally for foreclosure rates. In Cleveland alone, one of 57 households filed for foreclosure during this quarter.

So while our economy may be recovering from the impact of both the housing slump and the resulting credit crisis, and some places faster than others, it is imperative that we don't impede this recovery; that in our efforts to help the countless consumers and homeowners who have been hit hardest, we don't place the prospects of homeownership and refinancing out of the reach of families financially capable of managing it.

This bill balances that difficult task, and it has happened in an open, bipartisan process of negotiation. Along with the bill offered by Mr. KANJORSKI, this bill adds regulation to the unregulated and restricts predatory products from the marketplace: adjustable rate mortgages with high prepayment penalties, no-doc or low-doc loans, teaser rates that reset only months after initialization, loans without escrows for the most likely to need them.

This bill not only helps do away with these predatory products, but it empowers consumers with the most important tool of all, information. It is stunning to think that more than three in 10 homeowners don't even know what kind of mortgage they have. This bill improves disclosure at the point of sale, and the manager's amendment requires disclosure on periodic billing statements. It is important that people

understand what they are getting into and are reminded of it on a regular basis.

On the floor today, we will hear countless stories of heartache and heartbreak of families devastated by the rising foreclosure rates, of Americans losing their claim to the American Dream. This bill can correct that.

Mr. BACHUS. Mr. Chairman, I yield 2 minutes to the gentleman from Georgia (Mr. PRICE) who speaks in opposition to the bill.

Mr. PRICE of Georgia. I thank my ranking member for yielding me this time.

I rise in opposition to this legislation, legislation that prompted the Wall Street Journal to say that this bill is essentially a "Sarbanes-Oxley for housing, an attempt to punish business in general for the excesses of an unscrupulous few."

Now, while the chairman and ranking member and other members of the staff have done really remarkable work to address some of the most problematic provisions, this legislation still raises serious concerns about the future access to credit. I believe that this bill will lower homeownership. It will harm the American Dream.

A good number of the new duties and requirements which this legislation imposes on loan originators are both vague and highly subject. Words like "reasonable ability to pay" and "net tangible benefit," these are required of lenders. This is greater regulation, and, as my friend from Texas said, greater regulation means less liquidity. That means not as much money in the market. That means fewer individuals able to buy homes.

Dr. Ronald Utt with the Heritage Foundation says, "This provision effectively deputizes the mortgage industry as a quality of life police force by requiring them to pass judgment upon what it exactly is that a borrower intends to do with any additional moneys required by the way of loan refinancing." This creates increased litigation.

In fact, when H.R. 3915 was being marked up in committee, I asked him, the chairman himself, if there was a disagreement between the lender and the borrower about whether something achieved a net tangible benefit, where would that disagreement be settled, and he said, "Like any disagreements in this country, they go to court."

The legislation also creates a new civil action for rescission, the ability to get all of one's money back. Clearly the result of this will be less availability of money to buy a house for all, but mostly for those at the lower end of the economic spectrum.

Now, there are alternatives. There are positive alternatives: increasing financial literacy, greater flexibility in refinancing, and greater penalties for fraud. And I hope as this process moves forward that we will be able to incorporate those things in a stand-alone bill that increases the ability to achieve the American Dream.

Mr. BACHUS. Mr. Chairman, I yield 3 minutes to the gentleman from California (Mr. MILLER) to speak in support of the bill.

Mr. GARY G. MILLER of California. Mr. Chairman, I rise in support, but I want to express some concerns I have with the bill.

I have been a long-time advocate of antipredatory legislation that will eliminate abusive lending practices while preserving and promoting access to affordable mortgage credit. I want to thank Chairman FRANK for holding true to his commitment to work with me on ensuring that section 123 of the bill will continue to give consumers viable financing options that would not prevent mortgage originators from being compensated.

Under the new language, consumers will continue to be able to obtain and enjoy the benefits derived from having the option to choose zero points or no-cost loans by financing the fees and their costs into the rate of the loan amount. I am also pleased that the mechanism by which the mortgage originators are compensated in such cases has been unaffected.

According to the Mortgage Bankers Association, currently there are slightly more than 6 million nonprime loans. Of these loans, a little over 5 million, or 85 percent of these loans, are basically being paid on time. Yet, according to the MBA, under the legislation, perhaps 50 percent of the nonprime loans would not be made. This means that a significant number of consumers would not be receiving mortgage financing and millions of legitimate loans would not be obtained.

While there is certainly no question that nonprime borrowers have been subjected to abusive lending practices over the years, there is also no question that the vast number of borrowers who were not victims of such practices can become victimized by poorly crafted protective legislation that restricts nonprime credit availability.

Under this bill, it significantly expands the scope of loans that qualify as "high-cost loans," or HOEPA loans. This section of the bill dramatically lowers the point fee calculations, thereby capturing a much larger number of loans than under the previous definition in current law. The expansion of HOEPA to cover the additional loans would provide access to credit to more nonprime borrowers.

During the markup, I attempted to amend this section to ensure that lenders would still provide and borrowers could still obtain HOEPA loans under this bill. My amendment would not have revised the substantive protection provided by HOEPA as amended. Rather, it would have limited the increase in the number of types of loans that are subject to HOEPA.

In addition, the provisions of title III were drafted at least a year before the drafting of titles I and II of this bill, and title III was written without the benefit of enhanced consumer protection provided to nonprime borrowers